

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6447**

**BILL NUMBER:** HB 1307

**NOTE PREPARED:** Dec 3, 2002

**BILL AMENDED:**

**SUBJECT:** County Motor Fuel Tax.

**FIRST AUTHOR:** Rep. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a county that does not have a County Motor Vehicle Excise Surtax and a County Wheel Tax may impose a County Motor Fuel Tax at a rate of \$0.01 or \$0.02 per gallon of gasoline or special fuel. It requires that a county that imposes the tax must follow the procedures for adoption under the County Option Income Tax. The bill prohibits the adoption of the County Motor Vehicle Excise Surtax and County Wheel Tax if the County Motor Fuel Tax is in effect. It establishes a state General Fund account and county and city and town motor fuel tax funds for a county in which the County Motor Fuel Tax is imposed. The bill requires revenue to be collected by the state and distributed to the county and the cities and towns in the county. It provides that part of the revenue is distributed in the same manner as funds from the Local Road and Street Account. The bill allows the issuance of bonds payable from county and city and town motor fuel tax funds.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** There will be administrative expenditures for the Department of Revenue to comply with the provisions of this bill. The fund affected is the Motor Carrier Regulation Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** There may be administrative expenditures for those counties establishing a county motor fuel tax and issuing bonds.

**Explanation of Local Revenues:** The specific impact will depend upon the number of counties establishing a County Motor Fuel Tax and the rate established. The Office of Fiscal and Management Analysis has a printout which shows the impact of a \$0.01 per gallon rate for each individual county. In 2001, there were

24 counties that had imposed the Excise Surtax and Wheel Tax, leaving 68 counties that could potentially impose the newly created County Motor Fuel Tax. Current law allows those counties which have imposed the Excise Surtax and Wheel Tax to rescind those taxes. These counties then could impose the newly created tax if they follow prescribed procedures.

Revenue received by a county shall be distributed by the county auditor as follows:

(1) 75% of the total revenue shall be distributed as follows:

(A) 32% of the amount is to be divided among the cities and towns in the county according to the population of the city or town in relation to the county population.

(B) 68% of the amount is for the county.

(2) 25% of the total revenue shall be distributed in the same manner as money from the Local Road and Street Account is allocated to the county under IC 8-14-2.

Revenues from the County Motor Fuel Tax Fund may be used as follows:

(1) The money distributed to cities and towns shall be annually budgeted as required by law and may be used only for the maintenance and improvement of streets, roads, alleys, or to pay bonds issued.

(2) The money distributed to counties shall be annually budgeted as required by law and may be used only for the maintenance and improvement of county highways, bridges on county highways, or to pay bonds issued.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Counties that establish the County Motor Fuel Tax.

**Information Sources:** Larry DeBoer, population and sales census data; vehicle registration data.

**Fiscal Analyst:** James Sperlik, 317-232-9866.